1937

EIGHTY-FOURTH

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY
RAILROAD COMPANY

TO THE

STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1937

Burlington Route

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THE CLEVELAND PUBLIC LIBRARY

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

Term expires 1938

CHARLES F. GLORE.....CHICAGO
BRUCE SCOTT.....CHICAGO
WALLACE C. WINTER.....CHICAGO

Term expires 1939

HINCKLEY G. ATWOOD.....CHICAGO
STEPHEN BIRCH.....NEW YORK
CHARLES I. STURGIS.....CHICAGO

Term expires 1940

RALPH BUDD.....CHICAGO
CHARLES DONNELLY.....ST. PAUL
WILLIAM P. KENNEY.....ST. PAUL

Term expires 1941

ARTHUR CURTISS JAMES..NEW YORK
GRENVILLE KANE.....NEW YORK
R. DOUGLAS STUART.....CHICAGO

Term expires 1942

LAIRD BELL.....CHICAGO
EDWARD FLYNN.....CHICAGO
GEORGE T. SLADE.....NEW YORK

EXECUTIVE COMMITTEE

RALPH BUDD.....CHAIRMAN

STEPHEN BIRCH	GRENVILLE KANE
CHARLES DONNELLY	WILLIAM P. KENNEY
ARTHUR CURTISS JAMES	BRUCE SCOTT

OFFICERS

RALPH BUDD.....*President and Chairman of Executive Committee, Chicago*
EDWARD FLYNN.....*Executive Vice President, Chicago*
HORACE H. HOLCOMB.....*Vice President, Chicago*
BRUCE SCOTT.....*Vice President and Special Counsel, Chicago*
CHARLES I. STURGIS.....*Vice President, Secretary and Treasurer, Chicago*
THOMAS J. THOMAS.....*Assistant to President, Chicago*
ANDREW T. WILLIAMS.....*Assistant Secretary and Assistant Treasurer, Chicago*
EDITH JARVIS ALDEN.....*Assistant Secretary and Transfer Agent, Chicago*
BERT VICKERY.....*Assistant Treasurer, Omaha*
EDWARD M. SHELTON.....*General Counsel, Chicago*
JAMES CHARLES JAMES.....*General Solicitor, Chicago*
HERBERT W. JOHNSON.....*Comptroller, Chicago*
SHIRLEY L. PORTER.....*General Auditor, Chicago*
FRANK T. DARROW.....*Chief Engineer, Chicago*
WILLIAM W. HENDERSON...*Transfer Agent, Chicago*

NICHOLAS TERHUNE.....
NICHOLAS STOCKHAMMER } *Fiscal Agents, 2 Wall Street, New York*

EUGENE A. BERNHOLZ....
WILLIAM H. VANDERCAR. } *Transfer Agents, 2 Wall Street, New York*

STATE STREET TRUST COMPANY ..... } *Fiscal Agent and Transfer Agent, State and Congress Sts., Boston*

The above were Directors and Officers as of May 1, 1938.

MAY 17 1938 A.S. ...R GIFT REQUEST

TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY:

The following is the report of your Board of Directors for the year ended December 31, 1937:

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1937	RAILWAY OPERATING REVENUES	1936	Percent of Ry. Oper. Revenue
79.85	$ 79,966,473.11	Freight	$ 79,716,637.52	81.28
9.70	9,717,844.25	Passenger	8,217,024.88	8.38
4.09	4,100,783.58	Mail	4,034,474.27	4.11
1.68	1,677,274.91	Express	1,760,400.48	1.79
2.36	2,364,788.85	All other transportation	2,288,049.34	2.33
1.73	1,731,378.87	Incidental	1,479,126.97	1.51
.59	592,668.17	Joint facility	586,697.34	.60
100.00	$100,151,211.74	Total railway operating revenues	$ 98,082,410.80	100.00
		RAILWAY OPERATING EXPENSES		
14.01	$ 14,033,990.22	Maintenance of way and structures	$ 12,797,544.71	13.05
17.25	17,275,279.06	Maintenance of equipment	16,820,494.81	17.15
2.91	2,911,790.87	Traffic	2,816,785.97	2.87
36.13	36,183,416.51	Transportation	34,549,545.96	35.22
1.23	1,234,987.52	Miscellaneous operations	997,012.32	1.02
3.08	3,083,617.04	General	3,645,255.82	3.72
Cr. .44	Cr. 445,076.81	Transportation for Investment—Credit	Cr. 383,636.17	Cr. .39
74.17	$ 74,278,004.41	Total railway operating expenses	$ 71,243,003.42	72.64
25.83	$ 25,873,207.33	Net revenue from railway operations	$ 26,839,407.38	27.36
.....	$ 7,731,465.83#	Railway tax accruals	$ 8,411,125.97	.....
.....	$ 18,141,741.50	Railway operating income	$ 18,428,281.41	.....
.....	Dr.2,739,059.10	Hire of equipment—Net	Dr.2,541,936.04	.....
.....	Dr.2,076,186.05	Joint facility rents—Net	Dr.2,437,518.76	.....
.....	$ 13,326,496.35	Net railway operating income	$ 13,448,826.61	.....
		OTHER INCOME		
.....	$ 819,789.58	Miscellaneous rent income	$ 800,943.84	.....
	507,928.55	Dividends and miscellaneous interest	485,457.56	
	27,144.09	Miscellaneous income	7,948.68	
.....	$ 1,354,862.22	Total other income	$ 1,294,350.08	.....
.....	$ 14,681,358.57	Total income	$ 14,743,176.69	.....
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
.....	$ 83,011.50	Miscellaneous rents	$ 86,755.88	.....
.....	7,491.22	Miscellaneous income charges	3,865.10	.....
.....	$ 90,502.72	Total miscellaneous deductions	$ 90,620.98	.....
.....	$ 14,590,855.85	Income available for fixed charges	$ 14,652,555.71	.....
		FIXED CHARGES		
.....	$ 145,121.19	Rent for leased roads and equipment	$ 154,957.54	.....
.....	9,318,894.69	Interest on funded debt	9,138,398.89	.....
.....	68,991.57	Interest on unfunded debt	56,764.12	.....
.....	150,594.24	Amortization of discount on funded debt	145,271.04	.....
.....	$ 9,683,601.69	Total fixed charges	$ 9,495,391.59	.....
.....	$ 4,907,254.16	Income after fixed charges	$ 5,157,164.12	.....
		DISPOSITION OF NET INCOME		
.....	$ 3,416,774.00	Dividend appropriation of income	$ 5,157,164.12	.....
.....	$ 1,490,480.16	Income balance transferred to profit and loss	.....	.....

#Includes credit adjustments of accruals in 1936 under the Railroad Retirement Act of 1935 amounting to $1,329,233.59.

STATISTICS OF OPERATIONS

ITEMS	1937	1936
Average mileage of road operated (miles)	8,975.40	9,004.40
TRAIN-MILES		
Freight	15,608,973	16,245,498
Passenger	14,434,218	13,972,422
Total transportation service	30,043,191	30,217,920
Work service	146,133	187,830
LOCOMOTIVE-MILES		
Freight	16,783,242	17,664,941
Passenger	11,714,524	10,662,722
Train and yard switching	7,026,770	6,818,426
Total transportation service	35,524,536	35,146,089
Work service	514,089	538,227
CAR-MILES		
Loaded freight cars	433,524,356	424,778,060
Empty freight cars	255,882,310	258,548,336
Sum of loaded and empty	689,406,666	683,326,396
Caboose	14,677,639	15,159,084
Total freight cars	704,084,305	698,485,480
Coach and combination passenger cars	29,580,103	27,791,433
Sleeping and parlor	23,761,718	21,046,809
Club, lounge, dining and observation	8,750,816	6,563,305
Other	33,853,443	33,872,200
Total passenger cars	95,946,080	89,273,747
Total transportation service	800,030,385	787,759,227
Work service	1,268,269	866,588
FREIGHT SERVICE		
Tons—revenue freight	32,661,256	31,397,941
Tons—revenue and non-revenue freight	38,942,332	37,590,914
Ton-miles—revenue freight	9,423,152,685	9,062,367,188
Ton-miles—revenue and non-revenue freight	11,064,996,500	10,748,209,000
PASSENGER SERVICE		
Passengers carried—revenue	8,624,524	8,273,983
Passenger miles—revenue	587,409,450	499,515,927

STATISTICS OF OPERATIONS—Continued

ITEMS	1937	1936
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,747	1,813
Passenger-train miles	1,968	1,898
Transportation service train-miles	3,347	3,356
Transportation service locomotive-miles	3,958	3,903
Freight service car-miles	78,817	77,937
Passenger service car-miles	13,084	12,128
Freight revenue	$ 8,951.64	$ 8,894.83
Passenger service train revenue	$ 2,163.58	$ 1,950.47
Operating revenues	$11,158.41	$10,892.72
" expenses	$ 8,275.73	$ 7,912.02
Net operating revenues	$ 2,882.68	$ 2,980.70
Net railway operating income	$ 1,484.78	$ 1,493.58
Ton-miles—revenue freight	1,054,851	1,011,185
" " —all freight	1,238,643	1,199,292
Passenger-miles—revenue	80,103	67,860
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	27.77	26.15
Empty freight car-miles	16.39	15.92
Ton-miles—revenue freight	603.70	557.84
" " —all freight	708.89	661.61
Passenger train car-miles	6.65	6.39
Revenue passenger-miles	40.70	35.75
Freight revenue	$ 5.12	$ 4.91
Passenger service train revenue	$ 1.10	$ 1.03
Operating revenues	$ 3.33	$ 3.25
Operating expenses	$ 2.47	$ 2.36
Net operating revenues	$ .86	$ .89
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	21.74	21.33
" " —all freight	25.52	25.30
Freight revenue	$ .18446	$ .18767
AVERAGES PER CAR-MILE PASSENGER		
Passenger-miles—revenue	11.66	10.84
Passenger revenue	$ .19297	$ .17830
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	288.51	288.63
" " —non-revenue freight	261.39	272.22
" " —all freight	284.14	285.93
" carried—revenue passengers	68.11	60.37
Revenue per ton of freight	$ 2.44836	$ 2.53891
" " ton-mile of freight	$ .00849	$ .00880
" " passenger	$ 1.12677	$ .99312
" " passenger-mile	$ .01654	$ .01645
Operating ratio	74.17%	72.64%

OPERATING REVENUES:

Total Operating Revenues for 1937		$100,151,212	
Total Operating Revenues for 1936		98,082,411	
Increase		$ 2,068,801	2.11%
The increase was arrived at as follows:			
Freight	Increased	$ 249,835	.31%
Passenger	Increased	1,500,819	18.26%
Mail	Increased	66,310	1.64%
Express	Decreased	83,125	4.72%
Other transportation revenue	Increased	76,739	3.35%
Demurrage	Increased	132,077	336.78%
Other incidental operating revenues	Increased	126,146	6.22%
Total Increase		$ 2,068,801	2.11%
A comparison of carloads shows:			
Total cars (all commodities) in 1937		1,034,615	
Total cars (all commodities) in 1936		1,015,083	
Increase in 1937		19,532	1.92%
Total cars (all commodities) 10-year average		1,055,205	
Comparison by classes of commodities 1937 with 1936:			
Tons carried in 1937		32,661,256	
Tons carried in 1936		31,397,941	
Increase in 1937		1,263,315	4.02%
Tons carried, 10-year average		32,812,766	

	Revenue	Increase	Tons	Increase
Products of Agriculture	$14,614,118	$ 294,153	6,161,785	152,286
Animals and Products	7,653,689	1,479,874*	1,288,491	231,673*
Products of Mines	17,590,357	295,371	13,589,842	474,536
Products of Forests	4,661,789	275,266	1,713,882	149,976
Manufactures and Miscellaneous	33,524,980	1,265,456	9,309,248	664,053
Less Carload Tonnage	6,681,460	90,423*	598,008	54,137
Total	$84,726,393	$ 559,949	32,661,256	1,263,315

*Decrease.

NOTE: "Revenue" is gross freight revenue without adjustment for absorptions or corrections.

FREIGHT:

The greater volume of freight traffic was handled with a decrease of 3.92% in train miles.

The revenue per ton mile decreased from .880 cent in 1936 to .849 cent in 1937, or 3.5%.

PASSENGER:

Passenger revenue in 1937 showed an increase of $1,500,819, or 18.26% over 1936. Other than commutation traffic, the increase was 19.9%.

While improved economic conditions were partly responsible for the improved showing, Zephyr service contributed largely thereto.

Exclusive of suburban passengers, 227,030 more revenue passengers were carried last year, an increase of 6.4%, whereas revenue passengers carried one mile increased 85,297,447, or 20.2%; this considerably greater volume of traffic was handled with an increase of only 3.3% in train miles.

The average distance travelled per passenger continued an upward trend to 135.2 miles, an increase of 15.5 miles, reflecting an increase in long haul traffic, which is attributed principally to Chicago-Denver Zephyr and Chicago-Twin Cities service.

The average revenue per passenger mile, exclusive of commutation, was 1.76c in 1937, the same as in 1936.

The Burlington Escorted Tour Bureau, in its thirteenth year, handled 4,850 passengers, an increase of 1.2%. This is the greatest number of passengers handled by our Escorted Tour Bureau in any one year since its inauguration.

OPERATING EXPENSES:

Labor organizations were exceptionally active during the year 1937, pressing for and securing various settlements affecting operating expenses, notably the following National Mediation Agreements:

Increasing wages of train service employes 5½c per hour, effective October 1, 1937.

Increasing wages of other employes 5c per hour, effective August 1, 1937. (Unrepresented employes in the lower brackets were accorded comparable increases.)

Employing firemen on Diesel-Electric locomotives, effective March 15, 1937.

Despite the continued application of rigid measures of economy in all departments, operating expenses increased $3,035,002, or 4.26% over the preceding year. Although 4.19% less force was worked, maintenance of way expenses increased $1,236,446, or 9.66%, influenced by the increased rates of pay as well as heavier material and retirement charges. During the year 1,893,500 ties were installed, 164.4 miles of new 112-lb. rail were laid in the principal main lines and 18.73 miles of second-hand 90-lb. rail were laid in the important secondary main lines. Track and related structures were maintained to a standard suitable for handling the available business at the speeds required and to insure comfortable riding conditions for passenger service.

Maintenance of equipment expenses (not including depreciation and retirements) increased $211,139, or 1.74%, due principally to the increased rates of pay and higher material costs. Rolling stock was adequately maintained. New equipment is tabulated on Page 10. Transportation expenses increased $1,633,871, or 4.73%. Increased rates of pay and higher prices for locomotive fuel were the major factors.

EXPENDITURES (Capital):

No new lines were constructed during the year.

Net increase in Capital Account during the year was as follows:

For road	$3,623,611.87
For equipment	6,809,947.85
For general	10,474.03
Total	$10,444,033.75

Abandonment of 8.33 miles of unprofitable branch lines resulted in a credit of $182,037.75 to Capital Account.

Capital charges for improvement and replacement of bridges amounted to $208,499.38.

To expedite train movements and promote safety of operation on the Chicago-Denver line, a centralized traffic control system between Akron and Derby, Colo., a distance of 105.30 miles, and controlled manual block between Derby and Denver, Colo., a distance of 5.85 miles, were installed at a capital cost of $586,855.40. This is the most extensive installation of its kind in the United States.

In order to improve riding qualities and facilitate fast schedules between Chicago and Denver and between Chicago and Twin Cities, a program of curve reduction involving 31 curves and elimination of 69° of curvature was completed at a capital cost of $321,408.09.

At Lincoln, Neb., a 500-ton steel coal chute was erected, replacing an obsolete chute, and a direct steaming plant installed at roundhouse including three 500-hp. boilers, with automatic coal and ash handling equipment, at a capital cost of $217,969.93.

At Hastings, Neb., a 300-ton concrete coal chute was erected, replacing an obsolete chute, and three miles of second track constructed through yard to expedite train movements, at a capital cost of $168,000, of which $116,501.86 was expended during the year.

ADDITIONS TO EQUIPMENT:

New Rolling Stock Delivered in 1937:

6—600-hp. Diesel-Electric Switchers.
2—900-hp. Diesel-Electric Switchers.
2—64′ Stainless steel air conditioned coach-dinette cars with articulated trucks for Twin Cities Zephyr trains.
15—65′6″ 70-ton mill type steel gondola cars.
270—40′ Steel-sheathed freight refrigerator cars.
30—42′6″ Steel-sheathed passenger refrigerator cars.
1—35′ Steel ballast spreader.

Built in Company Shops:

10—4-8-4 Steam passenger-freight locomotives (Class 0-5-A).
4—70′ Steel baggage cars.
2—70′ Steel underframe steel plated baggage cars.
250—50′6″ automobile cars.
1,000—40′6″ 50-ton single-sheathed steel frame box cars.
1,500—50-ton composite gondola cars.
418—55-ton all steel hopper cars.
62—40′ 40-ton steel frame stock cars.

New Equipment to be built in 1938:

Outside Shops

3—Stainless steel dining cars.
3—Stainless steel chair cars.
1—Stainless steel coach-dinette (Pioneer Zephyr).
2—Stainless steel coach-dinettes (Denver Zephyr).
100—Roger ballast cars.

Company Shops

1—4-6-4 Streamlined steam locomotive, Aeolian type.
100—52′ 50-ton steel flat cars.
5—4-8-4 steam passenger-freight locomotives.

600—40'6" 50-ton single-sheathed steel frame box cars.
250—50'6" 50-ton automobile cars.
100—55-ton all-steel hopper cars.
300—50-ton composite flat bottom 8 drop doors gondolas.
88—40' 40-ton steel frame stock cars.

During the year there was no change in the Company's usual program for safe and economical operation through improvements to locomotives and cars.

BURLINGTON TRANSPORTATION COMPANY:

During the year 1937 the Bus Division operated 10.5 million bus miles over 6,442 route miles at a net operating loss of $280,139, compared with a net loss in 1936 of $204,749. The unfavorable trend was due to increased Social Security, Unemployment Insurance and other taxes, increased prices of material and supplies, and a decline in gross revenue of 7.4 mills per bus mile.

During the year 1937 the Truck Division operated 2.5 million truck miles over 1,797 route miles at a net profit of $9,570. Bell Transfer, Inc., operating between Kansas City and Minneapolis and between Kansas City and Chicago, was acquired on January 1, 1938. The Redman Truck Lines and the Burlington Motor Freight Lines were acquired on December 27, 1937. These companies held valuable intrastate permits covering routes in southern Iowa over which the Truck Division held interstate rights. By their acquisition the Truck Division was able to merge its interstate operations with the newly acquired intrastate operations, thus securing a compact and economical arrangement.

During the year a modern truck terminal was erected at Galesburg, Illinois, at a cost of $59,000, and thirteen units of equipment were acquired and placed in service.

PENSION DEPARTMENT:

Because of the enactment of the Railroad Retirement Act of 1937, following the agreement reached between the committees of the railroads and the employes in regard to pensions, this Company's voluntary pension plan was rescinded May 31, 1937, and payments thereunder discontinued. Effective June 1, 1937, those formerly on the pension roll of this Company were transferred to the Federal pension rolls. The Company, however, continued to make some supplementary payments to those formerly on the Company's pension rolls whose authorized pensions exceeded the maximum amounts payable under the Railroad Retirement Act.

The taxes accrued for 1937 under the Carriers' Taxing Act, passed in connection with the Railroad Retirement Act, amounted to $1,299,663, as compared with pension payments under the Company's pension plan in 1936 of $1,256,839.

Pension costs, exclusive of taxes, for 1937, were $512,263.07, the most of which was disbursed in the first five months under the Company's former pension plan discontinued May 31, 1937.

It is estimated that the pension payments by the Company for 1938 to retired officers and employes, including those formerly on the Company's pension roll will be approximately $55,000.

RELIEF DEPARTMENT:

RECEIPTS

	1937	1936
Cash balance at beginning of year	$1,140,742.87	$852,307.63
Members' contributions	730,431.52	697,606.55
Interest on monthly balances (paid by R.R. Co.)	49,798.07	39,715.32
Income and profit from investments	24,625.00	40,575.00
Total	$1,945,597.46	$1,630,204.50

DISBURSEMENTS

	1937	1936
Death	$376,775.11	$413,012.31
Disability	246,527.82	215,649.32
Total	$623,302.93	$628,661.63

FEDERAL VALUATION WORK:

This work, during 1937, consisted of complying with the requirements of the Bureau of Valuation of the Interstate Commerce Commission.

AGRICULTURE:

Favorable weather and less drastic government restrictions on plantings combined to increase production in most states in our territory in 1937. Wheat increased 61% and exceeded the 10-year average by 17%. Corn increased 118% over the low yields of 1936 and exceeded the 10-year average (1926-1935) by 8%. Oat production was up 57%; barley 95%; hay 15%; potatoes 21%; sugar beets 2%. Nebraska, Wyoming and Colorado, in which 3,897 miles of track are located, were exceptions, however. These states suffered from their fifth consecutive year of mid-summer drouth and this shortage of rainfall combined with a heavy infestation of grasshoppers curtailed the production of feed grains and forage in these important states, and prevented the rehabilitation of breeding herds of livestock there. So severe was this drouth in parts of Nebraska that the Federal Farm Security Administration at the close of the year was paying 10,488 Nebraska farm families monthly subsistence grants averaging $17.50 each. Reduced prices for corn coupled with a strong foreign demand resulted in an unusual movement of corn for export late in the year.

Despite lower prices farm income from crops and livestock increased $123,335,000 which, together with $166,320,000 in government benefit payments, (a reduction of $1,185,000 from 1936), enlarged total farm income in states served by the Burlington 4%. The government's Farm Credit Administration made 166,440 loans to farmers in these states during the year, which totaled $174,472,482 and brought the total of farm loans by all Federal agencies at the close of the year to $1,796,518,960, an increase of $56,119,868 for the year. Other millions were loaned and granted for rural electrification and other projects.

Government agencies actively developed irrigation in our territory during 1937. A Colorado transmountain water diversion and power project, which will bring 240,000 acre feet of supplemental water to the northern Colorado district and will cost when finished $43,000,000, was

approved during the year. Present plans call for an expenditure of $10,840,000 on this and three other major U. S. Reclamation projects in our territory during 1938. These projects have already received $20,-646,000. Eleven Public Works Administration projects contemplating increased irrigation in Nebraska to cost $56,168,335 when completed spent $19,000,000 on construction during 1937 and two Wyoming and Montana projects to irrigate 83,000 acres were approved.

On April 1, 1938, the acreage and condition of fall wheat remaining for harvest during the current year indicated a total production in states traversed by the Company 6% greater than 1937; 35% greater than the 10-year average. Compared to 1937 there is a prospective increase of 34% in Nebraska production, where the Company handles a large proportionate share of the total, and revenues per car are relatively greater, and this more than offsets decreases in Illinois (11%), Iowa (34%) and Missouri (82%) where a lesser share is moved via our line. Farm stocks of grain increased 163% over the previous year and 22% over the 10-year average. Cattle on feed at the close of the year increased 11%; sheep 20%, and swine bred for 1938 farrow 6.5%.

During the year the Agricultural Department assisted other agencies in the control of insects, the promotion of drouth resistant crops, the enlargement of acreages under irrigation and the improvement of farm conditions in Burlington territory.

SAFETY AWARD:

In 1937 the Valier Coal Company was given the Holmes Safety Award for its outstanding safety record. This is the fourth successive year that the Coal Company has received this award.

The Board of Directors takes this opportunity to express its appreciation of the efficient and wholehearted cooperation of its officers and employes.

By order of the Board of Directors.

RALPH BUDD, President.

INVESTMENT IN ROAD AND EQUIPMENT

CURRENT YEAR

Account	Additions and Betterments
Engineering	$ 71,008.08
Land for transportation purposes	107,871.11
Other R.O.W. expenditures	15,947.54
Grading	290,218.42
Tunnels and subways	10,926.74
Bridges, trestles and culverts	305,634.47
Ties	78,899.00
Rails	341,385.59
Other track material	442,450.64
Ballast	371,059.88
Track laying and surfacing	260,386.79
Right-of-way fences	21,078.70
Crossings and signs	Cr. 87,253.67
Station and office buildings	Cr. 8,084.61
Roadway buildings	14,914.38
Water stations	59,062.09
Fuel stations	73,320.38
Shops and engine houses	Cr. 6,494.87
Storage warehouses	48,333.18
Wharves and docks	4,993.90
Telegraph and telephone lines	43,031.27
Signals and interlockers	563,279.14
Power plant buildings	54,500.32
Power transmission systems	25,201.72
Miscellaneous structures	5,964.69
Roadway machines	3,798.29
Roadway small tools	2,822.26
Public improvements constr.	127,169.98
Cost of road purchased	75,000.00
Shop machinery	156,476.99
Power plant machinery	150,709.47
Total expenditures for road	$3,623,611.87
Steam locomotives	$1,095,237.01
Other locomotives	600,294.59
Freight train cars	4,675,429.82
Passenger train cars	482,570.01
Work equipment	Cr. 46,431.87
Miscellaneous equipment	2,848.29
Total expenditures for equipment	$6,809,947.85
Interest during construction	$ 10,474.03
Total general expenses	$ 10,474.03
Grand Total	$10,444,033.75

The above figures include investment in following property acquired during the year:

Terminal property at Jacksonville, Ill., purchased from Jacksonville & Havana R.R. Co.	$ 75,000.00
Beet spurs in Nebraska acquired from North Platte Valley Ry. Co.	1,214,016.82
	$1,289,016.82

Included in above figures are credits for abandonment of branch lines and retirement of equipment as follows:

Rockport to Pike, Illinois (5.85 miles)	$ 130,128.00
Des Moines to Burch, Iowa (2.48 miles)	51,909.75
Equipment retirements	3,802,783.06
	$3,984,820.81

EQUIPMENT CLASS	Number on Dec. 31, 1936	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1937	Average tractive power all locomotives and average capacity all freight cars
Locomotives—Steam	1,044	14	7	1,051	
Other locomotives	10	8	.....	18	
Total locomotives	1,054	22	7	1,069	Lbs. 48,806
Freight-train cars—Box cars	22,584	1,251	2,019	21,816	.....
Flat cars	1,770	.....	56	1,714	.....
Stock cars	4,122	62	440	3,744	.....
Gondola and Hopper (Coal and Coke)	12,240	1,933	330	13,843	.....
Caboose cars	586	.....	7	579	.....
Other freight-train cars	98	27	40	85	.....
All classes of freight-train cars	41,400	3,273	2,892	41,781	Tons 44.07
Pass.-train cars—Coaches	401	1	16	386	.....
Combination coach cars	77	3	3	77	.....
Parlor cars	4	.....	.....	4	.....
Dining cars	36	.....	2	34	.....
Club, lounge and observation cars	10	.....	.....	10	.....
Postal cars	42	.....	1	41	.....
Baggage, express and other non-passenger cars	279	7	8	278	.....
Total	849	11	30	830	.....
Passenger rail motor cars: Coaches	1	.....	.....	1	.....
Combination coach cars	35	.....	.....	35	.....
Other passenger-train rail motor cars	19	.....	1	18	.....
Total	55	.....	1	54	.....
Multiple-Unit trains: Number of trains	8	.....	1	7	.....
Number of cars—Coaches	16	.....	2	14	.....
Combination coach cars	1	2	.....	3	.....
Parlor and sleeping cars	14	.....	.....	14	.....
Other passenger-train cars	15	.....	1	14	.....
Total	46	2	3	45	.....
All classes of pass.-train cars	950	13	34	929	.....
Company service equipment: Officers' and business cars	18	.....	.....	18	.....
Ballast cars	1,324	67	147	1,244	.....
Derrick cars	7	.....	2	5	.....
Steam shovels	6	.....	.....	6	.....
Wrecking cars	20	.....	.....	20	.....
Other company service cars	2,321	378	158	2,541	.....
All classes of Co. service cars	3,696	445	307	3,834	.....
All classes of cars in service	46,046	3,731	3,233	46,544	.....

LEASED EQUIPMENT

CLASS OF EQUIPMENT	Number Under Lease on Dec. 31, 1936	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1937
Freight-refrigerator cars*	1,758	270	160	1,868
Passenger-refrigerator cars*	.....	30	.....	30
Zephyr train No. 9901 cars#	.....	3	.....	3

*Leased to Burlington Refrigerator Express Company.
#Leased to Burlington-Rock Island Railroad Company.

GENERAL BALANCE SHEET

December 31, 1937

ASSETS

Investments:		
Investment in road and equipment		$595,968,689.95
Improvements on leased railway property		148,363.97
Deposits in lieu of mortgaged property sold		54,801.75
Miscellaneous physical property		4,992,421.33
Investments in affiliated companies:		
Stocks	$29,828,558.95	
Bonds	376,664.10	
Notes	3,721,423.05	
Advances	10,192,903.71	
		44,119,549.81
Other investments:		
Stocks	$3,738,225.48	
Bonds	176,810.00	
Notes	284,503.84	
Advances	2,000.00	
Miscellaneous	3,806.00	
		4,205,345.32
Total investments (capital assets)		$649,489,172.13
Current assets:		
Cash	$5,730,665.05	
Time drafts and deposits	689,801.60	
Special deposits	3,838,632.99	
Loans and bills receivable	7,048.09	
Traffic and car service balances receivable	670,314.04	
Net balance receivable from agents and conductors	928,805.82	
Miscellaneous accounts receivable	2,981,325.52	
Material and supplies	10,967,667.83	
Interest and dividends receivable	72,066.91	
Rents receivable	24,419.73	
Other current assets	83,962.27	
Total current assets		25,994,709.85
Deferred assets:		
Working fund advances	$ 44,277.94	
Other deferred assets	239,670.97	
Total deferred assets		283,948.91
Unadjusted debits:		
Insurance premium paid in advance	$ 38,484.50	
Discount on funded debt	4,301,211.72	
Other unadjusted debits	1,996,756.68	
Total unadjusted debits		6,336,452.90
Grand Total		$682,104,283.79

GENERAL BALANCE SHEET

December 31, 1937

LIABILITIES

Capital stock:		
Common stock		$170,839,100.00
Governmental Grants:		
Grants in aid of construction		18,810.70
Long-term debt:		
Funded debt unmatured:		
Illinois Division Mortgage 3½'s	$ 50,835,000.00	
Illinois Division Mortgage 4's	34,165,000.00	
General Mortgage 4's	93,414,000.00	
First & Refunding Mortgage Series "A" 5's	40,000,000.00	
First & Refunding Mortgage Series "B" 4½'s	30,000,000.00	
Equipment Trust Certificates of 1936, 2½'s	3,555,000.00	
Equipment Trust Certificates of 1937, 2½'s	3,650,000.00	
Serial Collateral Trust Notes, 2¼'s	6,300,000.00	
Lease-Electro-Motive Corporation	587,600.00	
Total issued	$262,506,600.00	
Less held by or for the company	28,742,000.00	
Total long term debt outstanding		233,764,600.00
Current liabilities:		
Traffic and car-service balances payable	$ 1,355,262.68	
Audited accounts and wages payable	4,299,965.34	
Miscellaneous accounts payable	1,767,797.54	
Interest matured unpaid	963,607.00	
Funded debt matured unpaid	2,600.00	
Unmatured interest accrued	2,315,230.83	
Other current liabilities	271,040.90	
Total current liabilities		10,975,504.29
Deferred liabilities:		
Other deferred liabilities		112,767.63
Unadjusted credits:		
Tax liability	$ 5,453,198.87	
Premium on funded debt	73,644.75	
Insurance and Casualty Reserves	1,392,996.20	
Accrued depreciation-equipment	69,476,625.96	
Other unadjusted credits	1,758,079.75	
Total unadjusted credits		78,154,545.53
Corporate surplus:		
Additions to property through income and surplus	$ 878,011.35	
Funded debt retired through income and surplus	44,044,176.95	
Sinking fund reserves	600.00	
Profit and loss	143,316,167.34	
Total corporate surplus		188,238,955.64
Grand Total		$682,104,283.79

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Nominally outstanding held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK	.....	.....	$170,839,100	$170,839,100	.....	*$170,839,100	2%	Dec. 28	$3,416,774.00
MORTGAGE BONDS									
Illinois Division Mortgage	July 1, 1899	July 1, 1949	$ 50,835,000	$ 50,835,000	§§ 386,000	$ 50,449,000	3½	J. & J.	$1,765,715.00
Illinois Division Mortgage	July 1, 1899	July 1, 1949	34,165,000	34,165,000	# 189,000	33,976,000	4	J. & J.	1,359,040.00
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	93,414,000	93,414,000	† 28,167,000	65,247,000	4	M. & S.	2,609,880.00
First and Refunding Mortgage:									
Series A	Aug. 1, 1921	Feb. 1, 1971	40,000,000	40,000,000	.....	40,000,000	5	F. & A.	2,000,000.00
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000	.....	30,000,000	4½	F. & A.	1,350,000.00
Total	.....	.....	$248,414,000	$248,414,000	$28,742,000	$219,672,000	.....	.....	$9,084,635.00
SERIAL COLLATERAL TRUST NOTES	Dec. 1, 1936	$700,000 Dec. 1 each year to 1946	$ 7,000,000	$ 6,300,000	.....	$ 6,300,000	2¼	J. & D.	$ 126,000.00
EQUIPMENT OBLIGATIONS									
Equipment Trust of 1936	May 1, 1936	$395,000 May 1 each year to 1946	$ 3,950,000	$ 3,555,000	.....	$ 3,555,000	2½	M. & N.	$ 92,166.66
Equipment Trust of 1937	Oct. 1, 1937	$365,000 Oct. 1 each year to 1947	$ 3,650,000	$ 3,650,000	.....	$ 3,650,000	2½	A. & O.	$ 11,152.78
MISCELLANEOUS OBLIGATIONS									
Lease with Electro-Motive Corporation—Dated	Dec. 24, 1937	1st of each month, 100 monthly installments	$ 596,000	$ 587,600	.....	$ 587,600	4	1st of each month	$ 4,940.25
Total Debt	.....	.....	$263,610,000	$262,506,600	$28,742,000	$233,764,600			$9,318,894.69

*Includes $400 scrip on which no dividends are paid.
§Includes $103,000 bonds pledged as collateral security for Serial Collateral Trust Notes.
#Includes $164,000 bonds pledged as collateral security for Serial Collateral Trust Notes.
†Includes $18,294,000 bonds pledged under First and Refunding Mortgage, $7,873,000 bonds pledged as collateral security for Serial Collateral Trust Notes and $2,000,000 bonds pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935 to May 1, 1945.

DESCRIPTION OF MORTGAGES

The total par value of unmatured funded debt actually or nominally outstanding is:

Actually outstanding in hands of public	$233,764,600
Nominally outstanding, held for or by the company	28,742,000
	$262,506,600

Illinois Division Mortgage

This mortgage is a first lien on 1,615.76 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

No Changes During Year

General Mortgage

This mortgage is a lien on 8,109.71 miles of this Company's main and branch lines, including terminals, property and equipment appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject, as to a certain part, to the lien of the Illinois Division Mortgage.

	Miles
The General Mortgage covers	8,109.71
Of which there are subject to the prior lien of the Illinois Division Mortgage	1,615.76

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No Changes During Year

First and Refunding Mortgage

This mortgage is a lien on the total mileage of main and branch lines owned by this Company, having an aggregate length of 8,592.81 miles, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all terminals, property and equipment appurtenant thereto. This lien is subject to the prior liens of the mortgages described above:

	Miles
The mortgage covers	8,592.81
Of which there are subject to prior liens	
Of the Illinois Division Mortgage and the General Mortgage	1,615.76
Of the General Mortgage only	6,493.95

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also $18,294,000 General Mortgage bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the company on 60 days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

No Changes During Year

MILEAGE

Owned	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Colorado	395.43	.47	.....	.....	172.67	568.57
Illinois	1,623.54	472.70	40.89	5.43	1,125.15	3,267.71
Iowa	1,197.18	248.60	.....	.....	329.26	1,775.04
Kansas	221.91	.....	.....	.....	29.51	251.42
Minnesota	23.09	2.71	.....	.....	42.35	68.15
Missouri	1,092.84	112.79	.....	.....	414.07	1,619.70
Montana	134.38	.....	.....	.....	49.02	183.40
Nebraska	2,823.85	26.40	.....	.....	847.21	3,697.46
South Dakota	174.69	.....	.....	.....	56.73	231.42
Wisconsin	228.12	211.17	.....	.....	69.16	508.45
Wyoming	677.78	.....	.....	.....	236.01	913.79
Total	8,592.81	1,074.84	40.89	5.43	3,371.14	13,085.11
Operated under lease or contract	377.07	125.75	.76	.76	396.29	900.63
Grand Total	8,969.88	1,200.59	41.65	6.19	3,767.43	13,985.74

*Includes yard tracks and sidings owned but not operated as follows: Colorado .54 miles, Illinois .99 miles, Iowa .70 miles, total 2.23.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1937	1936	Increase	Decrease
TRANSPORTATION:				
Freight	$ 79,966,473.11	$ 79,716,637.52	$ 249,835.59	
Passenger	9,717,844.25	8,217,024.88	1,500,819.37	
Excess baggage	33,178.41	28,138.13	5,040.28	
Parlor and chair car	63,730.23	36,238.55	27,491.68	
Mail	4,100,783.58	4,034,474.27	66,309.31	
Express	1,677,274.91	1,760,400.48		$ 83,125.57
Other passenger train	120,172.64	119,547.99	624.65	
Milk	153,003.54	161,415.53		8,411.99
Switching	1,994,704.03	1,942,709.14	51,994.89	
Total	$ 97,827,164.70	$ 96,016,586.49	$ 1,810,578.21	
INCIDENTAL:				
Dining and buffet	$ 628,686.56	$ 471,030.48	$ 157,656.08	
Hotel and restaurant	57,197.46	60,320.31		$ 3,122.85
Station and train privileges	23,569.49	23,537.37	32.12	
Parcel room	1,601.65	1,590.50	11.15	
Storage—Freight	16,437.26	15,490.37	946.89	
Storage—Baggage	2,394.88	2,047.38	347.50	
Demurrage	171,295.00	39,217.84	132,077.16	
Telegraph and telephone	150,274.99	150,195.52	79.47	
Stock Yards	125,355.35	155,336.42		29,981.07
Power	81,063.08	64,720.22	16,342.86	
Rents of buildings and other property	213,516.73	175,115.25	38,401.48	
Miscellaneous	259,986.42	320,525.31		60,538.89
Total	$ 1,731,378.87	$ 1,479,126.97	$ 252,251.90	
Joint facility—Cr.	$ 594,133.82	$ 590,140.17	$ 3,993.65	
Joint facility—Dr.	Dr. 1,465.65	Dr. 3,442.83	1,977.18	
Total	$ 592,668.17	$ 586,697.34	$ 5,970.83	
Total railway operating revenues	$100,151,211.74	$ 98,082,410.80	$ 2,068,800.94	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1937	1936	Increase	Decrease
Maintenance of Way and Structures				
Superintendence	$ 1,136,523.24	$ 1,066,068.42	$ 70,454.82	
Roadway maintenance	892,917.53	791,338.32	101,579.21	
Tunnels and subways	8,716.26	7,609.28	1,106.98	
Bridges, trestles and culverts	670,333.13	601,548.15	68,784.98	
Ties	2,505,349.10	2,311,153.29	194,195.81	
Rails	664,891.49	460,999.89	203,891.60	
Other track material	1,146,926.45	889,879.89	257,046.56	
Ballast	194,108.32	183,834.41	10,273.91	
Track laying and surfacing	3,098,724.84	2,871,601.60	227,123.24	
Fences, snowsheds and signs	160,471.94	147,608.10	12,863.84	
Station and office buildings	472,220.46	465,205.44	7,015.02	
Roadway buildings	97,889.48	79,491.80	18,397.68	
Water stations	246,539.23	241,652.84	4,886.39	
Fuel stations	142,134.75	66,997.62	75,137.13	
Shops and engine houses	601,401.12	493,812.29	107,588.83	
Wharves and docks	Cr. 1,429.39	2,185.84		$ 3,615.23
Telegraph and telephone lines	97,963.44	45,182.16	52,781.28	
Signals and interlockers	568,268.57	568,088.31	180.26	
Power plants	24,010.83	5,721.91	18,288.92	
Power transmission systems	23,876.99	18,694.10	5,182.89	
Miscellaneous structures	11,161.60	27,495.89		16,334.29
Roadway machines	195,245.16	188,249.74	6,995.42	
Small tools and supplies	170,207.02	170,174.93	32.09	
Removing snow, ice and sand	191,644.29	384,692.92		193,048.63
Public improvements—Maintenance	147,957.38	114,566.31	33,391.07	
Injuries to persons	111,262.64	113,695.95		2,433.31
Insurance	27,067.24	21,952.44	5,114.80	
Stationery and printing	20,097.86	14,166.67	5,931.19	
Other expenses	557.20	1,717.83		1,160.63

Maintaining joint tracks, yards and other facilities–Dr.	$ 639,745.55	$ 628,211.99	$ 11,533.56	
Maintaining joint tracks, yards and other facilities–Cr.	Cr. 234,896.66	Cr. 186,143.62		$ 48,753.04
Right-of-way expenses	2,103.16	90.00	2,013.16	
Total	$ 14,033,990.22	$ 12,797,544.71	$ 1,236,445.51	
MAINTENANCE OF EQUIPMENT				
Superintendence	$ 620,445.94	$ 602,744.40	$ 17,701.54	
Shop machinery	531,745.09	416,027.89	115,717.20	
Power plant machinery	121,002.42	65,602.19	55,400.23	
Steam locomotive –Repairs	5,055,677.49	5,072,956.21		$ 17,278.72
Other locomotive –Repairs	150,926.49	28,107.81	122,818.68	
Freight train cars –Repairs	3,791,584.97	3,935,210.38		143,625.41
Passenger train cars –Repairs	1,496,017.28	1,350,565.26	145,452.02	
Work equipment –Repairs	338,455.02	405,774.47		67,319.45
Miscellaneous equipment –Repairs	7,575.21	5,950.03	1,625.18	
Injuries to persons	61,068.22	65,802.76		4,734.54
Insurance	43,617.86	36,273.26	7,344.60	
Stationery and printing	13,483.36	11,488.02	1,995.34	
Other expenses	1,989.48	5,006.65		3,017.17
Maintaining joint equipment –Dr.	181,432.79	177,240.41	4,192.38	
Maintaining joint equipment –Cr.	Cr. 41,559.06	Cr. 16,425.74		25,133.32
Total	$ 12,373,462.56	$ 12,162,324.00	$ 211,138.56	
Equipment –Retirements	$ 55,621.30	$ 57,877.97		$ 2,256.67
Equipment –Depreciation	4,846,195.20	4,600,292.84	$ 245,902.36	
Total	$ 4,901,816.50	$ 4,658,170.81	$ 243,645.69	
Total	$ 17,275,279.06	$ 16,820,494.81	$ 454,784.25	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1937	1936	Increase	Decrease
Traffic				
Superintendence	$ 823,638.51	$ 792,327.08	$ 31,311.43	
Outside agencies	1,281,648.76	1,200,411.09	81,237.67	
Advertising	497,339.65	530,066.54		$ 32,726.89
Traffic associations	77,488.42	64,514.07	12,974.35	
Industrial and immigration bureaus	22,788.87	24,444.52		1,655.65
Insurance	490.03	578.93		88.90
Stationery and printing	192,761.86	191,906.92	854.94	
Other expenses	15,634.77	12,536.82	3,097.95	
Total	$ 2,911,790.87	$ 2,816,785.97	$ 95,004.90	
Transportation				
Superintendence	$ 884,658.29	$ 854,252.97	$ 30,405.32	
Dispatching trains	520,095.47	497,450.98	22,644.49	
Station employes	4,961,320.15	4,699,504.75	261,815.40	
Weighing, inspection and demurrage bureaus	146,545.02	142,097.67	4,447.35	
Station supplies and expenses	352,203.73	321,475.85	30,727.88	
Yardmasters and yard clerks	809,718.63	749,673.84	60,044.79	
Yard conductors and brakemen	2,654,331.13	2,565,596.11	88,735.02	
Yard switch and signal tenders	125,638.53	118,376.85	7,261.68	
Yard enginemen	1,688,136.40	1,658,597.25	29,539.15	
Yard motormen	70,874.27	24,408.65	46,465.62	
Yard switching fuel	731,072.97	656,675.51	74,397.46	
Water for yard locomotives	88,435.79	82,812.83	5,622.96	
Lubricants for yard locomotives	18,824.56	17,602.23	1,222.33	
Other supplies for yard locomotives	24,165.58	23,444.88	720.70	
Enginehouse expenses—Yard	323,306.81	293,556.89	29,749.92	
Yard supplies and expenses	54,133.33	50,363.69	3,769.64	
Operating joint yards and terminals—Dr.	1,600,670.29	1,448,623.77	152,046.52	
Operating joint yards and terminals—Cr.	Cr. 168,811.72	Cr. 130,097.06		$ 38,714.66
Train enginemen	4,473,413.49	4,541,362.75		67,949.26
Train motormen	436,706.62	350,904.05	85,802.57	

Train fuel	$ 4,732,748.15	$ 4,457,790.20	$ 274,957.95	
Water for train locomotives	422,050.42	412,283.87	9,766.55	
Lubricants for train locomotives	140,690.67	126,486.20	14,204.47	
Other supplies for train locomotives	91,230.73	87,141.64	4,089.09	
Enginehouse expenses—Train	910,213.21	883,102.83	27,110.38	
Trainmen	5,380,098.15	5,352,189.64	27,908.51	
Train supplies and expenses	2,036,341.26	1,860,122.13	176,219.13	
Signal and interlocker operations	425,480.85	438,323.47		$ 12,842.62
Crossing protection	284,084.33	267,589.34	16,494.99	
Drawbridge operation	14,506.92	15,944.36		1,437.44
Telegraph and telephone operation	320,054.96	298,332.00	21,722.96	
Stationery and printing	138,178.31	124,708.00	13,470.31	
Other expenses	121,744.19	84,218.14	37,526.05	
Operating joint tracks and facilities—Dr.	349,440.13	316,706.64	32,733.49	
Operating joint tracks and facilities—Cr.	Cr. 195,820.05	Cr. 183,373.98		12,446.07
Insurance	17,623.38	10,811.50	6,811.88	
Clearing wrecks	50,998.42	50,422.38	576.04	
Damage to property	67,775.50	112,370.51		44,595.01
Damage to live stock on right-of-way	72,301.63	72,512.30		210.67
Loss and damage—Freight	595,093.73	441,399.63	153,694.10	
Loss and damage—Baggage	1,653.11	659.86	993.25	
Injuries to persons	411,489.17	353,120.84	58,368.33	
Total	$ 36,183,416.51	$ 34,549,545.96	$ 1,633,870.55	
MISCELLANEOUS OPERATIONS				
Dining and buffet service	$ 1,032,052.08	$ 787,757.74	$ 244,294.34	
Hotels and restaurants	66,515.89	60,490.36	6,025.53	
Stockyards	95,947.49	117,462.98		$ 21,515.49
Producing power sold	40,472.06	31,301.24	9,170.82	
Total	$ 1,234,987.52	$ 997,012.32	$ 237,975.20	
GENERAL				
Salaries and expenses of general officers	$ 258,121.24	$ 243,017.31	$ 15,103.93	
Salaries and expenses of clerks and attendants	1,607,822.63	1,501,392.54	106,430.09	
General office supplies and expenses	83,268.16	90,764.82		$ 7,496.66
Law expenses	249,266.89	225,938.70	23,328.19	
Insurance	1,002.81	9,818.29		8,815.48
Relief department expenses	80,598.17	81,067.17		469.00

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1937	1936	Increase	Decrease
General—Cont.				
Pensions (See Note)	$ 512,263.07	$ 1,266,108.59		$ 753,845.52
Stationery and printing	65,658.55	57,536.79	$ 8,121.76	
Valuation expenses	3,713.30	4,269.61		556.31
Other expenses	154,517.70	90,625.55	63,892.15	
General joint facilities —Dr.	69,174.41	76,231.06		7,056.65
General joint facilities —Cr.	Cr. 1,789.89	Cr. 1,514.61		275.28
Total	$ 3,083,617.04	$ 3,645,255.82		$ 561,638.78
Transportation for investment —Credit	Cr. 445,076.81	Cr. 383,636.17		61,440.64
Total operating expenses	$74,278,004.41	$71,243,003.42	$ 3,035,000.99	
Operating Ratio	74.17%	72.64%	1.53	
Net Revenue from Railway Operations	$25,873,207.33	$26,839,407.38		$ 966,200.05
Railway tax accruals	# $ 7,731,465.83	$ 8,411,125.97		$ 679,660.14
Railway Operating Income	$18,141,741.50	$18,428,281.41		$ 286,539.91
Rent Income				
Rent from equipment	$ 405,520.92	$ 365,667.24	$ 39,853.68	
Joint facility rent income	566,540.34	577,005.86		$ 10,465.52
Total rent income	$ 972,061.26	$ 942,673.10	$ 29,388.16	
Rents Payable				
Rent for equipment	$ 3,144,580.02	$ 2,907,603.28	$ 236,976.74	
Joint facility rents	2,642,726.39	3,014,524.62		$ 371,798.23
Total rents payable	$ 5,787,306.41	$ 5,922,127.90		$ 134,821.49
Net rents	Dr. $ 4,815,245.15	Dr. $ 4,979,454.80		$ 164,209.65
Net Railway Operating Income	$13,326,496.35	$13,448,826.61		$ 122,330.26

NOTE:—Reduction in pension cost in 1937 due to transfer of retired pensioned employes to the Federal pension rolls June 1, 1937 under the 1937 Federal Railroad Retirement Act.

#Includes credit adjustments of accruals in 1936 under the Railroad Retirement Act of 1935, $1,329,233.59.

OTHER INCOME				
Income from lease of road and equipment	$ 154,131.53	$ 144,486.28	$ 9,645.25	
Miscellaneous rent income	522,743.22	502,466.76	20,276.46	
Miscellaneous non-operating physical property	142,914.83	153,990.80		$ 11,075.97
Dividend income	184,001.16	178,404.86	5,596.30	
Income from funded securities	244,240.48	180,905.10	63,335.38	
Income from unfunded securities and accounts	79,686.91	126,147.60		46,460.69
Release of premium on funded debt	20,636.68	5,540.76	15,095.92	
Miscellaneous income	6,507.41	2,407.92	4,099.49	
Total other income	$ 1,354,862.22	$ 1,294,350.08	$ 60,512.14	
Total income	$ 14,681,358.57	$ 14,743,176.69		$ 61,818.12
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 27,168.41	$ 25,494.93	$ 1,673.48	
Miscellaneous tax accruals	55,843.09	61,260.95		$ 5,417.86
Miscellaneous income charges	7,491.22	3,865.10	3,626.12	
Total miscellaneous deductions	$ 90,502.72	$ 90,620.98		$ 118.26
Income available for fixed charges	$ 14,590,855.85	$ 14,652,555.71		$ 61,699.86
FIXED CHARGES				
Rent for leased roads and equipment	$ 145,121.19	$ 154,957.54		$ 9,836.35
Interest on funded debt	9,318,894.69	9,138,398.89	$ 180,495.80	
Interest on unfunded debt	68,991.57	56,764.12	12,227.45	
Amortization of discount on funded debt	150,594.24	145,271.04	5,323.20	
Total fixed charges	$ 9,683,601.69	$ 9,495,391.59	$ 188,210.10	
Net income	$ 4,907,254.16	$ 5,157,164.12		$ 249,909.96
Dividend appropriations of income	$ 3,416,774.00	$ 5,157,164.12		$ 1,740,390.12
Income balance transferred to Profit and Loss	$ 1,490,480.16		$ 1,490,480.16	

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR YEARS ENDED DECEMBER 31

	1937	1936	INCREASE	DECREASE
DEBITS:				
Dividend appropriations of surplus		$ 1,676,383.88		$ 1,676,383.88
Surplus appropriated for investment in physical property	$ 8,564.90	111,308.95		102,744.05
Debits from retired road and equipment	971,560.29	2,382,497.62		1,410,937.33
Miscellaneous debits	1,537,654.72	853,725.34	$ 683,929.38	
Credit balance carried to balance sheet	143,316,167.34	144,304,245.74		988,078.40
	$145,833,947.25	$149,328,161.53		$ 3,494,214.28
CREDITS:				
Credit balance at beginning of year	$144,304,245.74	$149,196,340.80		$ 4,892,095.06
Credit balance transferred from income	1,490,480.16		$ 1,490,480.16	
Credit from retired road and equipment	20,225.83	2,326.45	17,899.38	
Donations	8,564.90	111,308.95		102,744.05
Miscellaneous credits	10,430.62	18,185.33		7,754.71
	$145,833,947.25	$149,328,161.53		$ 3,494,214.28

QUINCY, OMAHA & KANSAS CITY RAILROAD COMPANY

COMPARATIVE STATEMENT OF INCOME

YEARS ENDED DECEMBER 31

Percentof Ry. Oper. Revenue	1937	RAILWAY OPERATING REVENUES	1936	Percentof Ry. Oper. Revenue
82.02	$287,547.36	Freight	$334,609.79	83.89
4.56	15,999.23	Passenger	16,977.14	4.26
10.22	35,830.36	Mail	36,317.29	9.10
1.34	4,678.70	Express	5,043.28	1.26
.90	3,159.26	All other transportation	2,899.92	.73
.96	3,362.40	Incidental	3,040.20	.76
100.00	$350,577.31	Total railway operating revenues	$398,887.62	100.00
		RAILWAY OPERATING EXPENSES		
48.99	$171,738.71	Maintenance of way and structures	$174,112.54	43.65
14.38	50,422.48	Maintenance of equipment	54,506.15	13.66
1.06	3,721.93	Traffic	3,247.83	.81
52.46	183,921.43	Transportation	180,677.41	45.30
3.42	11,999.75	General	18,759.22	4.70
Cr. .13	Cr. 478.03	Transportation for investment—Credit	Cr. 292.00	Cr. .07
120.18	$421,326.27	Total railway operating expenses	$431,011.15	108.05
Dr.20.18	Dr.$ 70,748.96	Net revenue from railway operations	Dr.$ 32,123.53	Dr. 8.05
.....	# $ 51,121.55	Railway tax accruals	$ 54,978.67	.....
.....	Dr.$121,870.51	Railway operating income	Dr.$ 87,102.20	.....
.....	Dr. 10,371.48	Hire of equipment—Net	Dr. 10,207.52	.....
.....	Dr. 18,143.28	Joint facility rents—Net	Dr. 18,403.44	.....
.....	Dr.$150,385.27	Net railway operating income	Dr.$115,713.16	.....
		OTHER INCOME		
.....	$ 3,682.22	Miscellaneous rent income	$ 5,652.33	.....
.....	474.99	Income from funded securities	.....	.....
.....	5.30	Income from unfunded sec. and accts.	58.46	.....
.....	10.00	Miscellaneous Income	.....	.....
.....	$ 4,172.51	Total other income	$ 5,710.79	.....
.....	Dr.$146,212.76	Total income	Dr.$110,002.37	.....
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
.....	.....	Interest on unfunded debt	$ .88	.....
.....	Dr.$146,212.76	Income balance transferred to profit & loss	Dr.$110,003.25	.....

#Includes adjustments of accruals in 1936 under the Railroad Retirement Act of 1935.

1937